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10 MICROSOFT CORPORATION

11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 OAKLAND DIVISION

14 INTERTRUST TECHNOLOGIES
15 CORPORATION, a Delaware corporation,

16 Plaintiff,

17 v.

18 MICROSOFT CORPORATION, a
Washington Corporation,

19 Defendant.

20 MICROSOFT CORPORATION, a
21 Washington corporation,

22 Counterclaimant,

23 v.

24 INTERTRUST TECHNOLOGIES
CORPORATION, a Delaware corporation,

25 Counter-Defendant.
26

CASE NO: C 02 0647 SBA

**MICROSOFT CORPORATION'S ANSWER
AND COUNTERCLAIMS**

(JURY TRIAL DEMANDED)

1 Defendant Microsoft Corporation ("Microsoft") answers the Complaint of InterTrust
2 Technologies Corporation ("InterTrust") as follows:

3 Microsoft admits that the Complaint purports to state a cause of action under the patent
4 laws of the United States, 35 United States Code, §§ 271 and 281. Microsoft denies that it has
5 infringed or now infringes the patent asserted against Microsoft in the Complaint. Microsoft
6 denies any and all remaining allegations of paragraph 1 of the Complaint.

7 1. Microsoft admits that the Complaint purports to state a cause of action over which
8 this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

9 2. Microsoft admits, for purposes of this action only, that venue is proper in this
10 judicial district. Microsoft denies any and all remaining allegations of paragraph 3 of the
11 Complaint.

12 3. Upon information and belief, Microsoft admits the allegations of paragraph 4 of
13 the Complaint.

14 4. Microsoft admits the allegations of paragraph 5 of the Complaint.

15 5. Microsoft admits, for purposes of this action only, that it transacts business in this
16 judicial district. Microsoft denies any and all remaining allegations of paragraph 6 of the
17 Complaint.

18 6. Microsoft admits that on its face the title page of U.S. Patent No. 6,157,721 ("the
19 '721 Patent") states that it was issued December 5, 2000, is entitled "Systems and methods using
20 cryptography to protect secure computing environments," and lists "InterTrust Technologies
21 Corp." as the assignee. Microsoft denies that the '721 Patent was duly and lawfully issued.
22 Microsoft further denies, or lacks information or belief sufficient to admit or deny any and all
23 remaining allegations of paragraph 7 of the Complaint.

24 7. Microsoft repeats and reasserts its responses to paragraphs 1-7 of the Complaint,
25 as if fully restated herein.

26 8. Microsoft admits that the Complaint purports to state a cause of action under
27 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now infringes the patent
28

1 asserted against Microsoft in the Complaint. Microsoft denies any and all remaining allegations
2 of paragraph 9 of the Complaint.

3 9. Microsoft denies, or lacks information and belief sufficient to admit or deny as to
4 InterTrust's claim as to any and all allegations of paragraph 10 of the Complaint.

5 10. Microsoft denies any and all allegations of paragraph 11 of the Complaint.

6 11. Microsoft denies any and all allegations of paragraph 12 of the Complaint.

7 12. Microsoft denies any and all allegations of paragraph 13 of the Complaint.

8 13. Microsoft denies any and all allegations of paragraph 14 of the Complaint.

9 **AFFIRMATIVE AND OTHER DEFENSES**

10 Further answering the Complaint, Microsoft asserts the following defenses. Microsoft
11 reserves the right to amend its answer with additional defenses as further information is obtained.

12 **First Defense: Noninfringement of the Asserted Patent**

13 Microsoft has not infringed, contributed to the infringement of, or induced the
14 infringement of U.S. Patent No. 6,157,721 ("the '721 Patent"), and is not liable for infringement
15 thereof.

16 Any and all Microsoft products or actions that are accused of infringement have
17 substantial uses that do not infringe and therefore cannot induce or contribute to the infringement
18 of the '721 Patent.

19 **Second Defense: Invalidity of the Asserted Patent**

20 On information and belief, the '721 Patent is invalid for failing to comply with the
21 provisions of the Patent Laws, Title 35 U.S.C., including without limitation one or more of
22 35 U.S.C. §§ 102, 103 and 112.

23 **Third Defense: Unavailability of Relief**

24 On information and belief, Plaintiff has failed to plead and meet the requirements of 35
25 U.S.C. § 271(b) and is not entitled to any alleged damages prior to providing any actual notice to
26 Microsoft of the '721 Patent.

1 **Fourth Defense: Unavailability of Relief**

2 On information and belief, Plaintiff has failed to plead and meet the requirements of 35
3 U.S.C. § 284 for enhanced damages and is not entitled to any damages prior to providing any
4 actual notice to Microsoft of the '721 Patent, and any alleged infringement thereof.

5 **Fifth Defense: Unavailability of Relief**

6 On information and belief, Plaintiff has failed to plead and meet the requirements of 35
7 U.S.C. § 287, and has otherwise failed to show that it is entitled to any damages.

8 **Sixth Defense: Prosecution History Estoppel**

9 Plaintiff's alleged cause of action for patent infringement is barred under the doctrine of
10 prosecution history estoppel, and Plaintiff is estopped from claiming that the '721 Patent covers
11 or includes any accused Microsoft product or method.

12 **Seventh Defense: Dedication to the Public**

13 Plaintiff has dedicated to the public all methods, apparatus, and products disclosed in the
14 '721 Patent, but not literally claimed therein, and is estopped from claiming infringement by any
15 such public domain methods, apparatus, and products.

16 **Eighth Defense: Use/Manufacture By/For United States Government**

17 To the extent that any accused product has been used or manufactured by or for the United
18 States, Plaintiff's claims and demands for relief are barred by 28 U.S.C. § 1498.

19 **Ninth Defense: License**

20 To the extent that Plaintiff's allegation of infringement is premised on the alleged use,
21 sale, or offer for sale of a product that was manufactured by or for a licensee of InterTrust and/or
22 provided by or to Microsoft to or by a licensee of InterTrust, such allegation is barred pursuant to
23 license.

24 **Tenth Defense: Acquiescence**

25 Plaintiff has acquiesced in at least those acts of Microsoft that are alleged to infringe the
26 '721 Patent.

1 Eleventh Defense: Laches

2 Plaintiff's claims for relief are barred, in whole or in part, by the equitable doctrine of
3 laches.

4 Twelfth Defense: Inequitable Conduct

5 The '721 Patent claims are unenforceable due to inequitable conduct, including those acts
6 and failures to act set forth in Count III of Microsoft's Counterclaims, set forth below.

7 Thirteenth Defense: Unenforceability

8 The claims of the '721 Patent are unenforceable due to unclean hands, inequitable conduct
9 and misuse and illegal extension of the patent right, including those acts and failures to act set
10 forth in Count IV of Microsoft's Counterclaims, set forth below.

11 **COUNTERCLAIMS**
12 **COUNT I – DECLARATORY**
13 **JUDGMENT OF NONINFRINGEMENT**

14 1. This action arises under the patent laws of the United States, Title 35 U.S.C. §§ 1,
15 *et seq.* This Court has subject matter jurisdiction over this counterclaim under 28 U.S.C. §§ 1338,
16 2201, and 2202.

17 2. Microsoft Corporation ("Microsoft") is a Washington corporation with its
18 principal place of business in Redmond, Washington.

19 3. On information and belief, Plaintiff /Counterclaim Defendant InterTrust
20 Technologies Corporation ("InterTrust") is a Delaware corporation with its principal place of
21 business in Santa Clara, California.

22 4. InterTrust purports to be the owner of U.S. Patent No. 6,157,721 ("the '721
23 Patent").

24 5. InterTrust alleges that Microsoft has infringed the '721 Patent.

25 6. InterTrust issued a press release on February 7, 2002. The press release stated that
26 InterTrust had filed a law suit against Microsoft for patent infringement. The press release
27 specified that InterTrust "alleges infringement by Microsoft's 'Plug and Play' Driver
28 Certification Program."

1 7. Microsoft's certification of hardware drivers has not infringed, either directly or
2 indirectly, any claim of the '721 Patent, and Microsoft is not liable for infringement thereof.

3 8. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
4 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to the
5 infringement or noninfringement of the '721 Patent.

6 **COUNT II - DECLARATORY**
JUDGMENT OF INVALIDITY OF THE '721 PATENT

7
8 9. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully restated
9 herein.

10 10. The '721 Patent, and each claim thereof, is invalid for failing to comply with the
11 provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

12 11. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
13 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether
14 the claims of the '721 Patent are valid or invalid.

15 **COUNT III - DECLARATORY JUDGMENT**
OF UNENFORCEABILITY OF THE '721 PATENT

16
17 12. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully
18 restated herein.

19 13. Claims 1-43 of the '721 Patent application (SN 08/689,754), and claims 1-41 of
20 the '721 Patent, were not and are not entitled to the benefit of any application filing date prior to
21 August 12, 1996, under 35 U.S.C. § 120 or otherwise.

22 14. United States Patent No. 5,910,987 ("the '987 Patent") issued on June 8, 1999,
23 from a continuation of an application filed on February 13, 1995.

24 15. The '987 Patent is prior art to claims 1-8, 10-29, and 31-43 of the '721 Patent
25 application (SN 08/689,754).

26 16. The '987 Patent is prior art to claims 1-41 of the '721 Patent under 35 U.S.C.
27 § 102(e).

1 17. The '987 Patent was material to the patentability of claims 1-8, 10-29, and 31-43
2 of the '721 Patent application (SN 08/689,754).

3 18. One or more of the '721 Patent applicants knew, while the '721 Patent application
4 (SN 08/689,754) was pending, of the '987 Patent.

5 19. On information and belief, one or more of the attorneys who prosecuted or assisted
6 in prosecuting the '721 Patent application (SN 08/689,754) knew, while that application was
7 pending, of the '987 Patent.

8 20. The applicants for the '721 Patent did not cite the '987 Patent to the Patent Office
9 as prior art to any of claims 1-43 of the '721 Patent application (SN 08/689,754).

10 21. The applicants for the '721 Patent did not cite to the Patent Office as prior art to
11 any of claims 1-43 of the '721 Patent application (SN 08/689,754) any reference having the same
12 or substantially the same disclosure as the '987 Patent.

13 22. The '987 Patent is not merely cumulative over any reference cited as prior art
14 during the prosecution of the '721 Patent application (SN 08/689,754).

15 23. On information and belief, one or more of the '721 Patent applicants believed,
16 while the '721 Patent application (SN 08/689,754) was pending, that the '987 Patent was material
17 to the patentability of one or more of claims 1-8, 10-29, and 31-43 of the '721 Patent application
18 (SN 08/689,754), but, with deceptive intent, failed to disclose that reference as prior art to the
19 Patent Office.

20 24. The '721 Patent is unenforceable due to the inequitable conduct of the '721 Patent
21 applicants and/or agents before the Patent and Trademark Office in connection with the '721
22 Patent application (SN 08/689,754).

23 25. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
24 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether
25 the claims of the '721 Patent are enforceable.

**COUNT IV – DECLARATORY JUDGMENT
OF UNENFORCEABILITY**

26. Microsoft repeats and realleges paragraphs 1-5 and 12-24 of its Counterclaims, as if fully restated herein.

27. In prosecuting, marketing, and enforcing various related patents, including the '721 Patent, InterTrust has engaged in a pattern of obfuscation as to the scope of the patents, the prior art to the patents, and the alleged "inventions" of the patents. For example, InterTrust has accused non-infringing products of infringement, has buried Patent Office Examiners with a collection of more than 400 references, many of which were not related to the particular claims in issue, and has buried the Examiners with hundreds or thousands of pages of redundant, verbose, unclear text, effectively prohibiting a real comparison of the alleged "invention" versus the prior art. This pattern of intentional conduct constitutes an abuse of the patent system, unclean hands, misuse and illegal extension of the patent right, rendering the '721 Patent unenforceable, as well as invalid under Section 112.

28. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether the claims of the '721 Patent are enforceable.

PRAYER FOR RELIEF

WHEREFORE, Microsoft prays for the following relief:

A. The Court enter judgment against InterTrust, and dismiss with prejudice, any and all claims of the Complaint;

B. The Court enter judgment declaring that Microsoft has not infringed, contributed to infringement of, or induced infringement of the '721 Patent;

C. The Court enter judgment declaring that the '721 Patent is invalid;

D. The Court enter judgment declaring that the '721 Patent is unenforceable due to inequitable conduct;

E. The Court enter judgment declaring that the '721 Patent is unenforceable due to abuse of the patent system, unclean hands, and misuse and illegal extension of the patent right;

1 F. The Court award attorney fees against InterTrust pursuant to the provisions of 35
2 U.S.C § 285;

3 G. The Court award to Microsoft pre-judgment interest and the costs of this actions;

4 H. The Court award to Microsoft its reasonable costs and attorneys' fees; and

5 I. The Court grant to Microsoft such other and further relief as may be deemed just
6 and appropriate.

7 JURY DEMAND

8 Pursuant to Fed. R. Civ. P. 38(b), Defendant Microsoft Corporation demands a trial by
9 jury.

10
11 Dated: March 25, 2002

12 By: 

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20 Attorneys for Defendant/Counterclaimant
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12 Attorneys for Defendant and Counterclaimant,
MICROSOFT CORPORATION

13 UNITED STATES DISTRICT COURT
14 NORTHERN DISTRICT OF CALIFORNIA
15 OAKLAND DIVISION

16 INTERTRUST TECHNOLOGIES
17 CORPORATION, a Delaware corporation,
18 Plaintiff,

19 v.

20 MICROSOFT CORPORATION, a
Washington Corporation,
21 Defendant.

22 MICROSOFT CORPORATION, a
23 Washington corporation,
24 Counterclaimant,

25 v.

26 INTERTRUST TECHNOLOGIES
CORPORATION, a Delaware corporation,
27 Counter-Defendant.
28

CASE NO: C 02 0647 SBA

**MICROSOFT CORPORATION'S FIRST
AMENDED ANSWER AND
COUNTERCLAIMS**

**MICROSOFT CORPORATION'S FIRST
AMENDED ANSWER AND COUNTERCLAIMS
CASE NO. C 02-0647 SBA**

1 Defendant Microsoft Corporation ("Microsoft") answers the Complaint of InterTrust
2 Technologies Corporation ("InterTrust") as follows:

3 1. Microsoft admits that the Complaint purports to state a cause of action under the
4 patent laws of the United States, 35 United States Code, §§ 271 and 281. Microsoft denies that it
5 has infringed or now infringes the patent asserted against Microsoft in the Complaint. Microsoft
6 denies any and all remaining allegations of paragraph 1 of the Complaint.

7 2. Microsoft admits that the Complaint purports to state a cause of action over which
8 this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

9 3. Microsoft admits, for purposes of this action only, that venue is proper in this
10 judicial district. Microsoft denies any and all remaining allegations of paragraph 3 of the
11 Complaint.

12 4. Upon information and belief, Microsoft admits the allegations of paragraph 4 of
13 the Complaint.

14 5. Microsoft admits the allegations of paragraph 5 of the Complaint.

15 6. Microsoft admits, for purposes of this action only, that it transacts business in this
16 judicial district. Microsoft denies any and all remaining allegations of paragraph 6 of the
17 Complaint.

18 7. Microsoft admits that on its face the title page of U.S. Patent No. 6,157,721 ("the
19 '721 Patent") states that it was issued December 5, 2000, is entitled "Systems and methods using
20 cryptography to protect secure computing environments," and lists "InterTrust Technologies
21 Corp." as the assignee. Microsoft denies that the '721 Patent was duly and lawfully issued.
22 Microsoft further denies, or lacks information or belief sufficient to admit or deny any and all
23 remaining allegations of paragraph 7 of the Complaint.

24 8. Microsoft repeats and reasserts its responses to paragraphs 1-7 of the Complaint,
25 as if fully restated herein.

26 9. Microsoft admits that the Complaint purports to state a cause of action under
27 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now infringes the patent
28

1 asserted against Microsoft in the Complaint. Microsoft denies any and all remaining allegations
2 of paragraph 9 of the Complaint.

3 10. Microsoft denies, or lacks information and belief sufficient to admit or deny as to
4 InterTrust's claim as to any and all allegations of paragraph 10 of the Complaint.

5 11. Microsoft denies any and all allegations of paragraph 11 of the Complaint.

6 12. Microsoft denies any and all allegations of paragraph 12 of the Complaint.

7 13. Microsoft denies any and all allegations of paragraph 13 of the Complaint.

8 14. Microsoft denies any and all allegations of paragraph 14 of the Complaint.

9 **AFFIRMATIVE AND OTHER DEFENSES**

10 Further answering the Complaint, Microsoft asserts the following defenses. Microsoft
11 reserves the right to amend its answer with additional defenses as further information is obtained.

12 **First Defense: Noninfringement of the Asserted Patent**

13 15. Microsoft has not infringed, contributed to the infringement of, or induced the
14 infringement of U.S. Patent No. 6,157,721 ("the '721 Patent"), and is not liable for infringement
15 thereof.

16 16. Any and all Microsoft products or actions that are accused of infringement have
17 substantial uses that do not infringe and therefore cannot induce or contribute to the infringement
18 of the '721 Patent.

19 **Second Defense: Invalidity of the Asserted Patent**

20 17. On information and belief, the '721 Patent is invalid for failing to comply with the
21 provisions of the Patent Laws, Title 35 U.S.C., including without limitation one or more of
22 35 U.S.C. §§ 102, 103 and 112.

23 **Third Defense: Unavailability of Relief**

24 18. On information and belief, Plaintiff has failed to plead and meet the requirements
25 of 35 U.S.C. § 271(b) and is not entitled to any alleged damages prior to providing any actual
26 notice to Microsoft of the '721 Patent.

27

28

1 **Fourth Defense: Unavailability of Relief**

2 19. On information and belief, Plaintiff has failed to plead and meet the requirements
3 of 35 U.S.C. § 284 for enhanced damages and is not entitled to any damages prior to providing
4 any actual notice to Microsoft of the '721 Patent, and any alleged infringement thereof.

5 **Fifth Defense: Unavailability of Relief**

6 20. On information and belief, Plaintiff has failed to plead and meet the requirements
7 of 35 U.S.C. § 287, and has otherwise failed to show that it is entitled to any damages.

8 **Sixth Defense: Prosecution History Estoppel**

9 21. Plaintiff's alleged cause of action for patent infringement is barred under the
10 doctrine of prosecution history estoppel, and Plaintiff is estopped from claiming that the '721
11 Patent covers or includes any accused Microsoft product or method.

12 **Seventh Defense: Dedication to the Public**

13 22. Plaintiff (and its predecessors in interest) has dedicated to the public, and
14 abandoned, all methods, apparatus, and products (a) disclosed in U.S. Patent No. 5,940,504 and
15 not literally claimed therein, (b) disclosed in U.S. Patent No. 5,892,900 and not literally claimed
16 therein, (c) disclosed in U.S. Patent No. 5,917,912 and not literally claimed therein, (d) disclosed
17 in U.S. Patent No. 5,920,861 and not literally claimed therein, (e) disclosed in U.S. Patent No.
18 5,982,891 and not literally claimed therein, (f) disclosed in the '721 Patent and not literally
19 claimed therein, (g) disclosed in U.S. Patent No. 6,185,683 B1 and not literally claimed therein,
20 and/or (h) disclosed in U.S. Patent No. 6,253,193 B1 and not literally claimed therein, and is
21 estopped from claiming infringement by any such public domain methods, apparatus, and
22 products.

23 **Eighth Defense: Use/Manufacture By/For United States Government**

24 23. To the extent that any accused product has been used or manufactured by or for the
25 United States, Plaintiff's claims and demands for relief are barred by 28 U.S.C. § 1498.

26 **Ninth Defense: License**

27 24. To the extent that Plaintiff's allegation of infringement is premised on the alleged
28

1 use, sale, or offer for sale of a product that was manufactured by or for a licensee of InterTrust
2 and/or provided by or to Microsoft to or by a licensee of InterTrust, such allegation is barred
3 pursuant to license.

4 **Tenth Defense: Acquiescence**

5 25. Plaintiff has acquiesced in at least those acts of Microsoft that are alleged to
6 infringe the '721 Patent.

7 **Eleventh Defense: Laches**

8 26. Plaintiff's claims for relief are barred, in whole or in part, by the equitable doctrine
9 of laches.

10 **Twelfth Defense: Inequitable Conduct**

11 27. The '721 Patent claims are unenforceable due to inequitable conduct, including
12 those acts and failures to act set forth in Count III of Microsoft's Counterclaims, set forth below.

13 **Thirteenth Defense: Unenforceability**

14 28. The claims of the '721 Patent are unenforceable due to unclean hands, inequitable
15 conduct and misuse and illegal extension of the patent right, including those acts and failures to
16 act set forth in Count IV of Microsoft's Counterclaims, set forth below.

17 **COUNTERCLAIMS**
18 **COUNT I – DECLARATORY**
19 **JUDGMENT OF NONINFRINGEMENT**

20 1. This action arises under the patent laws of the United States, Title 35 U.S.C. §§ 1,
21 *et seq.* This Court has subject matter jurisdiction over this counterclaim under 28 U.S.C. §§ 1338,
22 2201, and 2202.

23 2. Microsoft Corporation ("Microsoft") is a Washington corporation with its
24 principal place of business in Redmond, Washington.

25 3. On information and belief, Plaintiff/Counterclaim Defendant InterTrust
26 Technologies Corporation ("InterTrust") is a Delaware corporation with its principal place of
27 business in Santa Clara, California.
28

1 4. InterTrust purports to be the owner of U.S. Patent No. 6,157,721 ("the '721
2 Patent").

3 5. InterTrust alleges that Microsoft has infringed the '721 Patent.

4 6. InterTrust issued a press release on February 7, 2002. The press release stated that
5 InterTrust had filed a lawsuit against Microsoft for patent infringement. The press release
6 specified that InterTrust "alleges infringement by Microsoft's 'Plug and Play' Driver
7 Certification Program."

8 7. Microsoft's certification of hardware drivers has not infringed, either directly or
9 indirectly, any claim of the '721 Patent, and Microsoft is not liable for infringement thereof.

10 8. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
11 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to the
12 infringement or noninfringement of the '721 Patent.

13 **COUNT II - DECLARATORY**
14 **JUDGMENT OF INVALIDITY OF THE '721 PATENT**

15 9. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully
16 restated herein.

17 10. The '721 Patent, and each claim thereof, is invalid for failing to comply with the
18 provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

19 11. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
20 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether
21 the claims of the '721 Patent are valid or invalid.

22 **COUNT III - DECLARATORY JUDGMENT**
23 **OF UNENFORCEABILITY OF THE '721 PATENT**

24 12. Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully
25 restated herein.

26 13. Claims 1-43 of the '721 Patent application (SN 08/689,754), and claims 1-41 of
27 the '721 Patent, were not and are not entitled to the benefit of any application filing date prior to
28 August 12, 1996, under 35 U.S.C. § 120 or otherwise.

1 14. United States Patent No. 5,910,987 ("the '987 Patent") issued on June 8, 1999,
2 from a continuation of an application filed on February 13, 1995.

3 15. The '987 Patent is prior art to claims 1-8, 10-29, and 31-43 of the '721 Patent
4 application (SN 08/689,754).

5 16. The '987 Patent is prior art to claims 1-41 of the '721 Patent under 35 U.S.C.
6 § 102(e).

7 17. The '987 Patent was material to the patentability of claims 1-8, 10-29, and 31-43
8 of the '721 Patent application (SN 08/689,754).

9 18. One or more of the '721 Patent applicants knew, while the '721 Patent application
10 (SN 08/689,754) was pending, of the '987 Patent.

11 19. On information and belief, one or more of the attorneys who prosecuted or assisted
12 in prosecuting the '721 Patent application (SN 08/689,754) knew, while that application was
13 pending, of the '987 Patent.

14 20. The applicants for the '721 Patent did not cite the '987 Patent to the Patent Office
15 as prior art to any of claims 1-43 of the '721 Patent application (SN 08/689,754).

16 21. The applicants for the '721 Patent did not cite to the Patent Office as prior art to
17 any of claims 1-43 of the '721 Patent application (SN 08/689,754) any reference having the same
18 or substantially the same disclosure as the '987 Patent.

19 22. The '987 Patent is not merely cumulative over any reference cited as prior art
20 during the prosecution of the '721 Patent application (SN 08/689,754).

21 23. On information and belief, one or more of the '721 Patent applicants believed,
22 while the '721 Patent application (SN 08/689,754) was pending, that the '987 Patent was material
23 to the patentability of one or more of claims 1-8, 10-29, and 31-43 of the '721 Patent application
24 (SN 08/689,754), but, with deceptive intent, failed to disclose that reference as prior art to the
25 Patent Office.

1 24. The '721 Patent is unenforceable due to the inequitable conduct of the '721 Patent
2 applicants and/or agents before the Patent and Trademark Office in connection with the '721
3 Patent application (SN 08/689,754).

4 25. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
5 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether
6 the claims of the '721 Patent are enforceable.

7 **COUNT IV – DECLARATORY**
8 **JUDGMENT OF UNENFORCEABILITY**

8 26. Microsoft repeats and realleges paragraphs 1-5 and 12-24 of its Counterclaims, as
9 if fully restated herein.

10 27. In prosecuting, marketing, and enforcing various related patents, including the
11 '721 Patent, InterTrust has engaged in a pattern of obfuscation as to the scope of the patents, the
12 prior art to the patents, and the alleged "inventions" of the patents. For example, InterTrust has
13 accused non-infringing products of infringement, has buried Patent Office Examiners with a
14 collection of more than 400 references, many of which were not related to the particular claims in
15 issue, and has buried the Examiners with hundreds or thousands of pages of redundant, verbose,
16 unclear text, effectively prohibiting a real comparison of the alleged "invention" versus the prior
17 art. This pattern of intentional conduct constitutes an abuse of the patent system, unclean hands,
18 misuse and illegal extension of the patent right, rendering the '721 Patent unenforceable, as well
19 as invalid under Section 112.

20 28. An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists
21 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether
22 the claims of the '721 Patent are enforceable.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Microsoft prays for the following relief:

25 A. The Court enter judgment against InterTrust, and dismiss with prejudice, any and
26 all claims of the Complaint;

1 B. The Court enter judgment declaring that Microsoft has not infringed, contributed
2 to infringement of, or induced infringement of the '721 Patent;

3 C. The Court enter judgment declaring that the '721 Patent is invalid;

4 D. The Court enter judgment declaring that the '721 Patent is unenforceable due to
5 inequitable conduct;

6 E. The Court enter judgment declaring that the '721 Patent is unenforceable due to
7 abuse of the patent system, unclean hands, and misuse and illegal extension of the patent right;

8 F. The Court award attorney fees against InterTrust pursuant to the provisions of 35
9 U.S.C § 285;

10 G. The Court award to Microsoft pre-judgment interest and the costs of this actions;

11 H. The Court award to Microsoft its reasonable costs and attorneys' fees; and

12 I. The Court grant to Microsoft such other and further relief as may be deemed just
13 and appropriate.

14 **JURY DEMAND**

15 Pursuant to Fed. R. Civ. P. 38(b), Defendant Microsoft Corporation demands a trial by
16 jury.

17 Dated: April 12, 2002

18 By: 

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MICROSOFT CORPORATION

MICROSOFT CORPORATION'S FIRST
AMENDED ANSWER AND COUNTERCLAIMS
CASE NO. C 02-0647 SBA

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1 **DECLARATION OF SERVICE VIA ELECTRONIC MAIL AND U.S. MAIL**

2 I am more than eighteen years old and not a party to this action. My place of
3 employment and business address is 1000 Marsh Road, Menlo Park, California 94025.

4 On April 12, 2002, I served:

5 **MICROSOFT CORPORATION'S FIRST AMENDED ANSWER AND**
6 **COUNTERCLAIMS**

7 By transmitting a copy of the above-listed document(s) in PDF form via electronic mail Michael
8 H. Page at mhp@kvn.com, Christopher P. Isaac at chris.isaac@finnegan.com, Stephen E.
9 Taylor at staylor@tcolaw.com and James E. Geringer at james.geringer@klarquist.com and
10 also by placing true and correct copies of the above documents in an envelope addressed to:

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28 ///

1 and sealing the envelope, affixing adequate first-class postage and depositing it in the U.S. mail
2 at Menlo Park, California.

3 Executed on April 12, 2002 at Menlo Park, California.

4 I declare under penalty of perjury that the foregoing is true and correct.

5

6

Print Name

7

8

Signature

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